

Message Text

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46

ACTION IO-10

INFO OCT-01 ARA-06 EUR-12 ISO-00 EB-07 COME-00 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02

IOE-00 AF-06 EA-06 NEA-10 SAM-01 L-03 OIC-02 OMB-01

TRSE-00 /082 W

----- 088250

P R 281135Z MAY 75

FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 1973

INFO USMISSION GENEVA

AMEMBASSY MEXICO

AMEMBASSY BUCHAREST

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E.O. 11652: N/A

TAGS: WTO, PORG, OCON, SP

SUBJ: WTO ASSEMBLY: SCALE OF ASSESSMENT

REF: (A) MADRID 3492. (B) STATE 120265

1. WTO ASSEMBLY ADOPTED BY VOTE OF 61 - 0 - 8 LUSAKA
FORMULA AS SCALE OF ASSESSMENT FOR WTO, WHICH ESTABLISHES 5
PER CENT CEILING AND 0.5 PER CENT FLOOR. (PROSPECTIVE CONTRI-
BUTION FOR US UNDER FORMULA FOR FINANCIAL PERIOD BEGINNING
JANUARY 1, 1976 IS 4.5 PER CENT.) VOTE IS REGARDED AS DEFINITIVE
SETTLEMENT OF THIS ISSUE BY ALL WITH WHOM US DELEGATION
HASCONSULTED, AND IN LIGHT OF IT DELEGATIONS OF STATES
PARTICIPATING PROVISIONALLY UNDER ARTICLE 42 OF WTO STATUTES
ALL AGREED IN CAUCUS MAY 24 TO RECOMMEND FINAL RATIFICATION
TO GOVERNMENTS.

2. US DELEGATION DELIBERATELY SOUGHT TO HAVE ASSESSMENT
FORMULA QUESTION AIRED AS FULLY AS POSSIBLE, FIRST IN ADMIN-
TRATIVE COMMITTEE AND THEN IN PLENARY, IN ORDER TO ESTABLISH
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AS LEGISLATIVE HISTORY WITHIN ORGANIZATION THAT MEMBERSHIP

OF US AND OTHER DEVELOPED STATES TURNED ON ACCEPTANCE OF LUSAKA OR EQUIVALENT. ONLY ROMANIA, SAN MARINO, MEXICO AND BRAZIL (ALL OF WHOM ABSTAINED IN PLENARY VOTE) WERE DRAWN TO EXPRESS OPPOSITION, AND AMONG THESE FOUR ONLY ROMANIA EXPRESSED OUTRIGHT OPPOSITION TO LUSAKA FORMULA AS A WHOLE, AND EVEN ITS ARGUMENT FOR CAPACITY-TO-PAY ALTERNATIVE WAS CONFINED TO SINGLE INTERVENTION IN PLENARY WHICH ELICITED NO EXPRESSIONS OF SUPPORT.

3. MEXICO TOOK DEVIOUS LINE THAT MEXICO ITSELF NOT OPPOSED TO LUSAKA FORMULA, BUT UNDERSTOOD SOME DELEGATIONS REGARDED IT AS UNACCEPTABLE BECAUSE IT CONFLICTED WITH PRINCIPLES ESTABLISHED BY CERDS. NO OTHER DELEGATION TOOK UP THIS THEME, HOWEVER.

4. BRAZIL SUPPORTED LUSAKA FORMULA BUT PRESSED CASE IN ADMINISTRATIVE COMMITTEE AND IN PLENARY FOR AMENDING ECONOMIC FACTOR (PER CAPITAL INCOME) NOW INCORPORATED IN LUSAKA SO AS TO CONFORM WITH ECONOMIC AND SOCIAL INDEXES WHICH HAVE BEEN ADOPTED FOR UN SCALE.

5. SMALL CITY-STATE SAN MARINO (QUIETLY JOINED BY HOLY SEE) WAS ANQUISHED BY FINANCIAL IMPLICATIONS OF ITS DECISION TO JOIN WTO AS FULL MEMBER, AND FOUND EUROPEAN SUPPORT FOR CORRECTING "ACCIDENT" LUSAKA CAUSED SAN MARINO. WHILE US DELEGATION PRIVATELY CAUTIONED AGAINST INTRODUCING FLAW INTO LUSAKA FORMULA, BELGIUM PRESENTED RESOLUTION DRAWING ATTENTION TO DIFFICULTIES FORMULA POSED FOR "SOME COUNTRIES WITH A SMALL POPULATION AND A LOW NATIONAL INCOME" AND INSTRUCTING EXECUTIVE COUNCIL "TO CONSIDER ANY REQUEST FOR AN ADJUSTMENT SUBMITTED TO IT BY ANY OF THOSE COUNTRIES, TO TAKE A POSITION ON THE MATTER AND TO REPORT TO THE ASSEMBLY AT ITS NEXT SESSION." ONLY SERIOUS RISK TO LUSAKA FORMULA THEN OCCURRED WHEN UPPER VOLTA AND PHILIPPINES SOUGHT TO AMEND RESOLUTION TO HAVE IT APPLY TO ALL COUNTRIES HAVING LOW PER CAPITA INCOME, BUT EUROPEANS INTERVENED STRENUOUSLY ON BEHALF OF NARROW PURPOSE OF ORIGINAL LANGUAGE AND AMENDMENT NARROWLY DEFEATED 20-28(US)-17. BELGIAN RESOLUTION THEN ADOPTED 60(US)-0-10.

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6. ASSESSMENT FOR ASSOCIATE MEMBERS (STATES NOT RESPONSIBLE FOR THEIR EXTERNAL RELATIONS) WAS SET AT 0.25 PER CENT, ONE HALF OF LOWEST FULL MEMBER ASSESSMENT.

7. ASSESSMENT FOR AFFILIATE MEMBERS WAS SET AT 500 DOLLARS FOR 1976-77 FINANCIAL PERIOD AS BEST ESTIMATE AVAILABLE OF COSTS ORGANIZATION CAN EXPECT TO INCUR FROM PROVIDING SERVICES TO THEM. STABLER

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